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The effect of work environment, leadership style, and organizational culture towards job satisfaction and its implication towards employee performance in Parador Hotels and Resorts, Indonesia

Suharno Pawirosumarto, Purwanto Katrijan Sarjana and Rachmad Gunawan
Universitas Mercu Buana, Jakarta, Indonesia

Abstract
Purpose – The purpose of this paper is to determine the effect of the work environment, leadership style and organizational culture on job satisfaction and its implication toward the performance of the employees.

Design/methodology/approach – The research population was the whole 642 employees of Parador Hotels and Resorts, Indonesia. The amount of the samples was determined with the formula of Slovin, and the Structural Equation Modelling (SEM) sample consideration was equal to 200 employees. As many as 179 questionnaires were returned and sent for analysis. Proportionate stratified sampling was used for the sampling technique, and sample elements were determined by accidental sampling method. The analytical method used in this study was descriptive statistics and SEM – Partial Least Square with IBM Statistical Package for the Social Sciences (IBM SPSS) Statistics 22.0 software and WarpPLS 3.0 program.

Findings – The results show that work environment, leadership style and organizational culture have a positive and significant impact on job satisfaction, but only the leadership style has a positive and significant effect on the employee performance. Job satisfaction does not give a significant and positive effect on employee performance and it is not a mediating variable.

Originality/value – As indicated by the findings, the role of leaders in hotel industry, in this case general manager (gm), is of importance. Without a high-quality gm, job satisfaction and organizational culture will not be achieved.

Keywords Job satisfaction, Leadership style, Organizational culture, Employee performance, Work environment

Paper type Case study

Introduction
Performance is a measure of the success of an organization, either production organization or service provider organization. Hotel is one of the organizations which runs in the field of services which also requires “performance” for its benchmark of success. In general, the hotel operates its business on its own or in groups. The hotel which operates its business in groups is commonly referred as the hotel group; hotel group is operated by a hotel management company that is coordinating and maintaining the performance of the hotels that are under the assistance of that company.
Parador Hotels and Resorts is a local hotel group with its headquarter located in Tangerang, Banten Province, Indonesia. This hotel group has hotel units spread along various regions in Indonesia, namely, Atria Hotel Gading Serpong, Atria Residences Gading Serpong, Fame Hotel Gading Serpong, Ara Hotel Gading Serpong (all in Tangerang City), Atria Hotel Magelang in Magelang Regency and Atria Hotel Malang in Malang City. Parador Hotels and Resorts has a mission to develop the Asian Modern hospitality and increase the number of various hotel units in other areas. The achievement of Parador Hotels and Resorts performance can be seen from the unit development indicators, hotel occupancy rates and others as seen from Table I.

Table I shows that there is a decline in the performance of the organization from 2013 to 2014. Several factors could determine the rise or fall in the performance of an organization, among others is the quality of the employee performance. Employee performance can be affected by job satisfaction. Thus, increasing the variables that can upgrade job satisfaction of the employee is very important. Work environment, leadership style, organizational culture, organizational loyalty, labor relations and employee involvement go well will increase in job satisfaction and vice versa; if it does not go well, it will lower the job satisfaction. The results of the employee satisfaction survey which was performed at the end of 2014 is provided in Table II.

Table II shows that there are several factors influencing the work performance declining at Parador Hotels and Resorts. The most dominant factor among them is the dissatisfaction of work environment by 53 per cent, leadership style by 39 per cent and organizational culture by 27 per cent, as well as the other three factors with low values of dominance. Those three dissatisfaction dominant factors are selected to be discussed in this research. Thus, the research objectives of this study can be formulated as follows:

- to know and analyze how work environment influences job satisfaction at Parador Hotels and Resorts;
- to know and analyze the effect of leadership style on the employee job satisfaction at Parador Hotels and Resorts;

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit number</td>
<td>2 units</td>
<td>1 unit</td>
</tr>
<tr>
<td>Room occupancy rates (%)</td>
<td>60.97</td>
<td>57.23</td>
</tr>
</tbody>
</table>

Source: Business Development Department, Parador Hotels and Resorts (2015)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Satisfaction target (%)</th>
<th>Satisfaction (%)</th>
<th>Dissatisfaction (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work environment</td>
<td>85</td>
<td>47</td>
<td>53</td>
</tr>
<tr>
<td>Leadership style</td>
<td>85</td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>85</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>Organizational loyalty</td>
<td>85</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>Labor relations</td>
<td>85</td>
<td>95</td>
<td>5</td>
</tr>
<tr>
<td>Employee involvement</td>
<td>85</td>
<td>96</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Human Capital Department, Parador Hotels and Resorts (2015)
to know and analyze the influence of organizational culture toward employee satisfaction at Parador Hotels and Resorts;

to know and analyze how work environment affects the performance of the employee at Parador Hotels and Resorts;

to know and analyze the effect of leadership style on the employee performance at Parador Hotels and Resorts;

to know and analyze the impact of organizational culture on employee performance at Parador Hotels and Resorts;

to know and analyze how job satisfaction influences the employee performance at Parador Hotels and Resorts;

to know and analyze the effect of job satisfaction on the performance of the employee at Parador Hotels and Resorts through the work environment;

to know and analyze the way leadership style affects employee performance at Parador Hotels and Resorts through job satisfaction; and

to know and analyze the influence of job satisfaction on employee performance at Parador Hotels and Resorts through the work culture.

Review of literature

Work environment

The physical form of working environment is space, physical layout, noise, tools, materials and co-workers' relationship; the quality of all of those aspects has an important and positive impact on the quality of the work performance (Tyssen, 2005, p. 58). A work environment is a place where employees perform their activities, where it can bring positive and negative effects for the employees to achieve their results. A conducive work environment will give a good impact on the continuity of the employment, while a less conducive work environment will bring a negative impact on the continuity of its employment.

Barry and Heizer (2001, p. 239) stated that work environment is the physical environment where it affects the employee performance, security and quality. Work environment provides security and allows employees to work optimally, it can influence the emotions of the employee. If the employee enjoys his working environment, he will enjoy his time in the workplace to do such activities, he will use his working time effectively and optimally and his work performance will be high likewise. Besides the physical environment where employees work, work environment includes a working relationship between the fellow employees and the relationship between subordinates and its superiors.

As it has been explained above, working environment is a place to perform a job, and one of the ways to improve the quality of physical working environment is by implementing 5S method, namely: Seiri (sorting out); Seiton (systematic arrangement of neatness); Seiso (spic and span of cleaning); Seiketsu (standardizing); and Shitsuke (self-discipline). According to Nitisemito (1992), the dimensions of work environment can be seen in Table III.

Leadership style

Leadership style is a method used by a leader to influence the behavior of others. The style of leadership is the norm of behavior used by someone when the person is trying to influence the behavior of others. Every leader has a different pattern to foster, stimulate and direct the potential of its personnel. The reason behind its variation is because the leadership style that
they have is also different from each leader. The correspondence between leadership styles, norms and organizational culture is believed to be the key to the success of the organization.

Leadership style is a way used by the leader to influence, direct, encourage and control others in achieving goals (Kristanti and Harahap, 2012, p. 18). Leadership is the ability to influence others to support the relevant achievement of the organization (Ivancevich et al., 2008, in Noor, 2013, p. 169). The pattern of all leader actions as perceived or referred by the subordinates is known as leadership style (Newstrom, 2007 and Davis, in Noor, 2013, pp. 170-171). According to Fiedler (1967) in Robbins and Judge (2013, pp. 373-374), there are three dimensions of leadership as seen from Table IV.

**Organizational culture**
Organizational culture is values and symbols that are understood and adhered together by all members of the organization. This culture uniquely belongs the particular organization as a differentiator between the organization to others. (Marta and Suharnomo, 2011, p. 5). Organizational culture is a system of values that are believed by all members of the organization, it is studied, applied and developed as an adhesive system as a reference for the company in achieving its objectives (Raf et al., 2014, p. 6). Robbins and Judge (2013, pp. 514-515) revealed that a company has two types of culture by its members, namely:

1. dominant culture, a culture that represents the values embraced by most of its members and makes the company have distinctive features; and
2. subculture, a mini-culture that emerged from different departments and different geographical areas.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work atmosphere</td>
<td>Satisfactory working atmosphere</td>
</tr>
<tr>
<td></td>
<td>Supportive working atmosphere</td>
</tr>
<tr>
<td>Relationships with colleagues</td>
<td>Harmonious relationship</td>
</tr>
<tr>
<td></td>
<td>No mutual intrigue</td>
</tr>
<tr>
<td>Work facilities</td>
<td>Full equipment</td>
</tr>
<tr>
<td></td>
<td>Modern equipment</td>
</tr>
</tbody>
</table>

**Table III.**
Dimensions of work environment

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader-member relation</td>
<td>Sure to superiors</td>
</tr>
<tr>
<td></td>
<td>Believe to superiors</td>
</tr>
<tr>
<td></td>
<td>Respect to superiors</td>
</tr>
<tr>
<td>Task structure</td>
<td>Task distribution by following its procedure</td>
</tr>
<tr>
<td></td>
<td>Structured submission of tasks</td>
</tr>
<tr>
<td>Position power</td>
<td>Power to hire employees</td>
</tr>
<tr>
<td></td>
<td>Termination power</td>
</tr>
<tr>
<td></td>
<td>Power to enforce discipline</td>
</tr>
<tr>
<td></td>
<td>Promotion power</td>
</tr>
<tr>
<td></td>
<td>Power to increase wages</td>
</tr>
</tbody>
</table>

**Table IV.**
Dimensions of leadership style

*Source:* Processed Data (2016)
Some dimensions of organizational culture according to Robbins and Judge (2013, pp. 512-513) are seen in Table V.

**Job satisfaction**

Based on Kreitner and Kinicki (2008), job satisfaction is “an effective or emotional response to various aspects of the job”, while Davis and Newstrom (1985, p. 105) explained that “job satisfaction is a set of employee feeling whether it is pleasant or unpleasant”. Robbins (2003, p. 78) also stated that job satisfaction is “the general attitude towards the performance of someone who shows the difference between the number of awards received by them and the amount they believe they should receive”.

Overall, job satisfaction of an individual is the amount of job satisfaction (every job aspects) multiplied by the importance level of the work. A satisfaction or dissatisfaction of individual with his work is something personal that depends on how he perceives the compatibility or conflict between his desires with his outcome. It can be concluded that the sense of job satisfaction is the positive attitude of the workforce which includes feelings and attitudes through the assessment of a job as a sense of respect in achieving one important value of the work.

Someone will achieve its job satisfaction when the desired minimum limit has been fulfilled and there is no gap between his desires and the reality. The positive discrepancy occurs if the achievement is greater than what he was expected, so he will be more satisfied. In contrast, a negative discrepancy occurs if the gap is far below the expected minimum standards and it will be resulted in a greater job dissatisfaction. According to Smith et al. (1969), the dimensions of job satisfaction are seen from Table VI.

**Employee performance**

Performance is basically what employee does or does not do; employee performance is affecting how much they contribute to the organization which includes the output quantity, the output quality, the work attendance and the cooperative attitude (Gordon, 2000). Performance is also often confused with the term of job performance.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and courage to take risks</td>
<td>Innovative support</td>
</tr>
<tr>
<td></td>
<td>Dare to take risks</td>
</tr>
<tr>
<td>Paying attention to details</td>
<td>Accuracy in work</td>
</tr>
<tr>
<td></td>
<td>Analytical skill</td>
</tr>
<tr>
<td></td>
<td>Paying attention to details</td>
</tr>
<tr>
<td>Results orientation</td>
<td>Focus on the final result</td>
</tr>
<tr>
<td>Employees orientation</td>
<td>Focus on the company’s goals</td>
</tr>
<tr>
<td>Team orientation</td>
<td>Considered the employee</td>
</tr>
<tr>
<td></td>
<td>Prioritized employees</td>
</tr>
<tr>
<td>Aggressive</td>
<td>Togetherness will determine activity</td>
</tr>
<tr>
<td></td>
<td>Prioritized a teamwork</td>
</tr>
<tr>
<td>Stability</td>
<td>Enthusiastic in work</td>
</tr>
<tr>
<td></td>
<td>Competing positively</td>
</tr>
<tr>
<td></td>
<td>Emphasize the consistency</td>
</tr>
<tr>
<td></td>
<td>Maintain the consistency</td>
</tr>
</tbody>
</table>

**Source:** Processed data (2016)
Performance is the job performance which is the ratio between its significant work with its labor standards (Dessler, 1992). Performance is the result of the employee ability multiplied with effort and support. Thus, performance will decrease if one factor is reduced or absent (Mathis and Jackson, 2001). The ability of a person is affected by talents and interests, while the effort is affected by motivation, incentives and design work. The support for an organization includes the training of human resources development and the availability of adequate organizational equipment (Gordon, 2000).

Steers (1984) referred that the performance of an individual is a combination of three function factors, namely:

1. ability, temper and interest of a worker;
2. clarity and acceptance of its role as a worker; and
3. the work motivation level.

Employee performance is measured by performance assessment.

The purpose of this performance assessment according to Robbins (2003) are:

- to make decision in human resource management such as promotion, transfer and dismissal;
- to identify the need for training and developing;
- to validate the selection and development program;
- to provide feedback for workers on their performance; and
- to be the basis for determining the remuneration allocation.

Russel and Bernandin (1995) have formulated the dimensions of employee performance components as seen from Table VII.

### Table VI.
Dimensions of job satisfaction

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work</td>
<td>Satisfied with the work, Desired tasks</td>
</tr>
<tr>
<td>Supervision</td>
<td>Satisfied with its supervision, Effective control</td>
</tr>
<tr>
<td>Wage</td>
<td>Satisfied with the wage, The wage is in accordance with the responsibilities</td>
</tr>
<tr>
<td>Promotion</td>
<td>Satisfied with the career opportunities, The promotion is according to the ability</td>
</tr>
<tr>
<td>Co-worker</td>
<td>Good cooperation, Motivation from colleagues</td>
</tr>
</tbody>
</table>

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**Mind framework**

Theoretical research framework which is shown in the description above can be explained through a systematic overview of a study as seen from Figure 1.

Some of the previous research related to the influence of work environment, leadership style and organizational culture on job satisfaction and their implications on the employees’ performance are mentioned in this following section:
Marshall et al. (2015, pp. 123-132) concluded that work environment could influence job satisfaction, while Afrizal (2012, pp. 1-14) indicated that leadership style, work environment and compensation gives a significant effect either partially or simultaneously on job satisfaction. On the other hand, Novitasari et al. (2012, pp. 1-6) stated that leadership, work environment, education and training could affect a teacher performance.

(2) Voon et al. (2011, pp. 24-32) showed that the transformational leadership style has stronger relationship toward job satisfaction. Here, Irawan (2012, pp. 48-61) also explained that motivation, leadership style and organizational culture bring...
positive and significant impact on job satisfaction. Meanwhile, the research which was conducted by Huang et al. (2011, pp. 865-878) showed that only charismatic leadership style has a positive and significant impact on organizational performance.

(3) Allard (2010, pp. 1-125) inferred that there is a significant negative relationship between the cultural differences of the employee and the organization toward organizational performance, means that the greater the cultural differences between the employee and the organization, the lower the performance of the organization. A long period of employment also affects the cultural differences between the employee and the organization toward its organizational performance, while age and gender do not have any significant impact. Raf et al. (2014, pp. 1-15) described that leadership style, organizational culture, motivation and work environment are able to bring a positive and significant impact on the performance of an accountant; it is also supported by the research of Kristanti and Harahap (2012, pp. 16-28) which stated that leadership style, communication and motivation have positive influence on the employee performance.

(4) Maharani et al. (2013, pp. 1-12) indicated that transformational leadership has no influence on the organization, but organizational behavior, transformational leadership as well as job satisfaction are able to affect the performance. Nugroho and Kuswardani (2013, pp. 1-21) revealed that:
- compensation does not have any effect on job satisfaction;
- work environment affects employee performance; and
- job satisfaction is not an intervening variable between the effect of compensation, work environment, career path and employee performance.

Muparrih and Santoso (2013, pp. 1-12) claimed that there is a positive and significant correlation between organizational culture on job satisfaction, organizational culture on employee performance, remuneration on job satisfaction, remuneration on employee performance and job satisfaction on employee performance. To support the statement above, here is the result of the research by Harlima et al. (2013, pp. 1-15): organizational culture and work environment have direct influence on job satisfaction, while organizational culture, work environment and job satisfaction directly affected the performance, and job satisfaction is an intervening variable between organizational culture and performance also between work environment and performance.

(5) Masoud and Hmeidan (2013, pp. 129-147) expressed that the dimensions of working environment significantly affected organizational performance. Furthermore, Cherian and Farouq (2013, pp. 105-114) stated that there is a direct influence of leadership style and organizational performance. However, Vita and Suwarto (2015, pp. 1-14) claimed that leadership style and organizational culture do not have any positive and significant effect on the performance, while work environment has a positive and significant relationship with performance. Other than that, Aripin et al. (2013, pp. 44-49) have acknowledged that organizational culture significantly influenced job satisfaction, but it does not affect performance, and here, job satisfaction serves as a mediating variable between organizational culture and performance as well as between leadership style and performance.

(6) Last but not least, Pawirosumarto et al. (2016) showed that there is an influence between leadership style toward employee performance, $t$ value of 2.185 is obtained
with a significance level of 0.032 < 0.05, means that it accepts Ha and rejects Ho. Statistically, it is proven that individual or partial leadership style brings positive and significant effect on employee performance, so that if the level of leadership in directing and leading the company’s employees is high, the employee performance to do its obligations and duties will be also high and vice versa.

Research hypothesis
Based on the framework above, there are ten hypotheses which are going to be tested, such as:

**H1.** Work environment gives positive and significant effect on the job satisfaction of Parador Hotels and Resorts employees.

**H2.** Leadership style brings significant and positive impact on the job satisfaction of Parador Hotels and Resorts employees.

**H3.** Organizational culture has a positive and significant influence on the job satisfaction of Parador Hotels and Resorts employees.

**H4.** Work environment delivers a positive and significant effect on employee performance at Parador Hotels and Resorts.

**H5.** Leadership style influenced significantly and positively the employee performance at Parador Hotels and Resorts.

**H6.** Organizational culture able to give positive and significant impact on employee performance at Parador Hotels and Resorts.

**H7.** Job satisfaction affected the employee performance at Parador Hotels and Resorts significantly and positively.

**H8.** Job satisfaction plays as a mediating variable between work environment and employee performance at Parador Hotels and Resorts.

**H9.** Job satisfaction has a role as a mediating variable between leadership style and employee performance at Parador Hotels and Resorts.

**H10.** Job satisfaction acts as a mediating variable between organizational culture and employee performance at Parador Hotels and Resorts.

Method
This research is classified as an applied research and used a survey technique. According to their explanation, this research is a causal or correlational research which means that it is intended to obtain an answer to the question “why”. This research is also a multivariate research where it used an exploratory multivariate analysis. The population of this study was all employees of Parador Hotels and Resorts, as many as 642 people. Data sampling was determined by considering several factors of Slovin formula; it ranged between 100 and 150 data, and the minimum sample size was 100 or 5-10 respondents for each parameter, and guided by the 10-time rule of thumb. Based on these considerations and to anticipate such missing data or incomplete data, the authors determine the sample size by 200 people. Once the survey was shared, the returned and processed questionnaires were 179. The sampling technique of this study was proportionate stratified sampling, and the way to determine the elements of the sample was by accidental sampling.
Data analysis methods

The data analysis method was conducted by using descriptive statistics and Structural Equation Modeling–Partial Least Square (SEM-PLS) with IBM Statistical Package for the Social Sciences (IBM SPSS) Statistics 22.0 software and WarpPLS 3.0 program. The analysis of SEM-PLS was performed by using 3.0 WarpPLS program. These tools have been selected because it works efficiently even though only with small sample sizes and complex models. This tool is also able to work under the data distribution assumption that is not normal and test the formative and reflective measurement models without causing any identification problems (Sholihin and Ratmono, 2013, p. 7). According to Ghozali and Latan (2014, p. 53), there are five stages in using SEM-PLS model, namely:

1. model conceptualization;
2. determine the method of algorithm analysis;
3. determine the resampling methods;
4. draw a path diagram; and
5. model evaluation by measurement model or outer model and structural model or inner model.

Results and discussion

The hypotheses test by using SEM-PLS are shown in this following order:

1. Model conceptualization: The conceptualization of the model explains the exogenous and endogenous latent variables and their indicators. The study consists of three exogenous latent variables, namely, work environment (WE), leadership style (LS) and organizational culture (OC), as well as two endogenous latent variables, namely, job satisfaction (JS) and employee performance (PRF). Each latent variable has formative indicators shape.

2. Algorithm analysis method determination: Warp3 PLS Regression is used for the algorithm analysis method; it is intended to anticipate abnormal distribution data in the form of S (S curve).

3. Resampling method determination: The resampling method used in this study is the jackknifing method, which is by using a subsample of the original sample. Jackknifing method has the advantage of having a more stable parameter in the analysis estimation which have abnormal sample distribution.

4. Drawing a path diagram: The path diagram is based on the model conceptualization. Figure 2 shows the structural model of the path diagram that describes the relationship of the latent variables (construct). This study has a structural model with a unidimensional construct (it formed directly from the manifest variables) with all manifest variables indicator direction (indicators) to the latent variables (constructs) shaped in formative form.

5. Evaluation Model:
   - Measurement model or outer model: This research used latent variables with formative construct so that the model evaluation has to be in significant weight; in other words, the value of $p$ must be less than 0.05 and VIF must be less than 3.3. Based on the research results, the model has been qualified.
for its $p$-value and VIF, so that the measurement model or outer model can be said to be feasible and can proceed to the measurement of structural model or inner model.

- **Structural model or inner model:** The structural model of this research has the mediating variables of job satisfaction. The influence of these mediating variables needs to be tested through two phases, namely, the estimated direct effect and then the estimated indirect effect.

**Figure 3** shows the estimated direct effect. Under the terms of direct effect estimation ($p$-value > 0.05), only the leadership style that has a positive and significant effect on employee performance, while work environment and organizational culture do not have a significant and positive effect on employee performance.

**Figure 4** shows the estimated indirect effect where it explains that the influence of leadership style toward employee performance remained significant with a dropped path coefficient up to 0.42, it means that job satisfaction did not mediate the process fully. Furthermore, the identification of the indirect effect of leadership style toward job satisfaction and employee performance is to determine whether job satisfaction is a partial mediator. Through the identification of the line, it appears that leadership style $\rightarrow$ job satisfaction is something significant, but job satisfaction $\rightarrow$ employee performance is not significant (because $p = 0.10$ or $p > 0.05$) so that it can be concluded that job satisfaction is not a mediating variable for all variables either for work environment, leadership style or organizational culture.
In conclusion, the results of the hypotheses test by using PLS-SEM are as follows:

- work environment has a positive and significant effect on employee’s job satisfaction at Parador Hotels and Resorts ($H_0$ is rejected because the coefficient is 0.20 and $p < 0.01$);
- leadership style shows a significant and positive effect on the job satisfaction of Parador Hotels and Resorts employee ($H_0$ is rejected because the coefficient is 0.36 and $p < 0.01$);
- organizational culture gives a positive and significant effect on employee’s job satisfaction at Parador Hotels and Resorts ($H_0$ is rejected due to its coefficient = 0.32 and $p < 0.01$);
- work environment does not give a significant and positive effect toward employee performance at Parador Hotels and Resorts ($H_0$ is received because the coefficient is 0.14 and the value of $p$ is 0.06);
- leadership style significantly and positively affected employee performance at Parador Hotels and Resorts ($H_0$ is rejected because its coefficient is 0.46 and $p < 0.01$);
- organizational culture did not have significant and positive effect on employee performance at Parador Hotels and Resorts ($H_0$ is received due to its coefficient which amounted for 0.17 and $p = 0.05$);
- job satisfaction does not influence employee performance at Parador Hotels and Resorts significantly and positively ($H_0$ is received because the coefficient is worth 0.12 and its $p$ value is 0.10);
job satisfaction does not act as a mediating variable between the work environment and employee performance at Parador Hotels and Resorts (H0 is received because the value of job satisfaction toward employee performance is not significant at the value of $p > 0.05$, it turned out that the coefficient is 0.12 and $p$ value is 0.10);

job satisfaction does not act as a mediating variable between leadership style and employee performance at Parador Hotels and Resorts (H0 is received because the value of job satisfaction on employee performance is not significant with $p > 0.05$, the coefficient is 0.12 and $p$ value is 0.10); and

job satisfaction does not play as a mediating variable between organizational culture and employee performance at Parador Hotels and Resorts (H0 is received because the value of job satisfaction toward employee performance is not significant at $p > 0.05$, where its coefficient is 0.12 and $p$ value is 0.10).

Furthermore, the structural model is evaluated by using $R$-squared, predictive relevance and size of the effect, as follows:

- **$R$-squared**: The coefficient of determination ($R$-squared) on both endogenous latent variables is moderate and it shows that the variance of job satisfaction can be explained by 56.1 per cent of the variance of work environment, leadership style and organizational culture, while the variance of employee performance can be explained by 47.0 per cent by the variance of work environment, leadership style, organizational culture and job satisfaction.

- **Predictive relevance**: Value $Q$-squared $> 0$, so it indicates that the exogenous latent variables have predictive relevance to the affected endogenous latent variables.
The greatest effect is the leadership style of employee performance, which means that exogenous latent variables (leadership style) give a greater contribution to endogenous latent variables (employee performance) compared to the contribution of other exogenous latent variables. It can be said that a good leadership style is very important to improve employee performance.

Model suitability test includes three model tests which showed a fit classification, such as:

1. Average Path Coefficient. To be accepted, p-value must be less than 0.05 where it indicates the index number by 0.238 and $p < 0.01$.

2. Average R Squared. p-value must be less than 0.05 where it resulted in the index number of 0.516 and $p < 0.01$.

3. Average Variance Factor. Average Variance Factor must be less than 5, so the index number will be 1.950.

Next, the analysis of correlation across dimensions was performed to see the strong relationship between each dimension. The correlation value can be used as a reference to determine which dimension is most influential. This process is done by looking at the results from the WarpPLS 3.0 software, which is the output correlation among indicators.

The correlation across dimensions of work environment toward job satisfaction which indicates the highest value of the relationship is the relationship between the dimensions of working atmosphere (WE01) with the dimensions of supervision (JS02) that is equal to 0.506. This means that the level of relationship between those two dimensions is considered to be quite strong.

The correlation across dimensions of leadership style on job satisfaction showed the highest value of the relationship which is the relationship between the dimensions of task structure (LS02) and the dimensions of supervision (JS02) that is equal to 0.592. This means that the relationship between those two dimensions is solid enough.

The correlation across dimensions of organizational culture toward job satisfaction reveals the highest value of the relationship which is the relationship between aggressive dimension (OC06) with the dimensions of a co-worker (JS05) that is equal to 0.494; it means that the level of those relationships is considered to be weak.

The correlation across dimensions of leadership style toward employee performance shows the highest correlation value, which is the relationship between the dimensions of position power (LS03) with the dimensions of self-influence (PRF06) that is equal to 0.522. This means that the relationship of those two dimensions is quite strong.

Discussion

The influence of work environment toward job satisfaction

The results of the research showed that work environment has a positive and significant effect on employee job satisfaction at Parador Hotels and Resorts which means that working environment is one of the important variables that can increase job satisfaction. This is in line with the research of Marshall et al. (2015) and Afrizal (2012).

The work environment is the physical and non-physical thing around the employee at Parador Hotels and Resorts which may affect the employee in performing their duties. Based on the across dimensions’ analysis, the highest value of the relationship across dimensions is the relationship between the dimensions of working atmosphere (WE01) and the dimensions of supervision (JS02), which is equal to 0.506. Means that the relationship level of those two dimensions is considered to be strong enough. By that, it can be concluded that an
increase in the working atmosphere at Parador Hotels and Resorts will be able to improve the effective supervision. Parador Hotels and Resorts needs to upgrade the working conditions by improving its work environment, both physical and non-physical. The improved working atmosphere will make the supervision be more effective so that it will improve its job satisfaction.

*The influence of leadership style toward job satisfaction*

The results showed that leadership style significantly and positively affected employee job satisfaction at Parador Hotels and Resorts which means that leadership style is one of the important variables that can increase job satisfaction. This is in accordance with the research of *Voon et al.* (2011) and *Irawan* (2012). The appropriate leadership style must be chosen by the leader of Parador Hotels and Resorts to increase employee job satisfaction. The results of this analysis show that the highest value of the relationship across dimensions is the relationship between the dimensions of task structure (LS02) and the dimensions of supervision (JS02), which is equal to 0.592. This means that the relationship between those two dimensions is considered to be solid. Thus, Parador Hotels and Resorts must have a leader who is able to provide such task in accordance with its procedure and well structured so that the employees will feel better in terms of getting a supervision.

The explanation above confirms the opinion of Sutarto (1995) in Tohardi (2002: page), and in *Surisno* (2012, p. 222) which stated that the behavior of a successful leader is determined by the style and the act which can be seen from how they give orders and tasks and how they communicate with each other. Companies must create a better oversight by increasing the quality of the leaders that can provide clear, direct and well-structured tasks.

*The influence of organizational culture on job satisfaction*

The results showed that organizational culture brings a positive and significant effect toward employee job satisfaction at Parador Hotels and Resorts, means that organizational culture is one of the important variables that can increase job satisfaction. This is consistent with the research of *Muparrirh and Santoso* (2013), *Harlina et al.* (2013) and *Aripin et al.* (2013).

Organizational culture at Parador Hotels and Resorts is a system of values or symbols that are understood, believed and obeyed by all employees as an adhesive system and as a differentiator for Parador Hotels and Resorts with its competitors. The results of the across dimensions’ correlation analysis show that the highest value of the relationship is in the relationship between aggressive dimension (BO06) with the dimensions of a co-worker (JS05), which is equal to 0.494. It can be referred that those two dimensions are weak. Although it is considered to be weak, the correlation between those dimensions has the highest value among other across dimensions’ correlations. Enthusiasm and positive competition in work can influence the cooperation between colleagues. In other words, the relationship between co-workers will go well if the company is able to provide a positive and aggressive competition among peers. Parador Hotels and Resorts needs to create a dominant culture that represents the values embraced by most of the members which then will make the company have such distinctive features compared to its competitors. The dominant culture that must be built constantly is a culture that can increase enthusiasm and positive competition in the work so it will interweave a good relationship between co-workers.
The influence of work environment toward employee performance

The results showed that work environment does not affect employee performance at Parador Hotels and Resorts significantly and positively. This is in contrast with the research of Novitasari et al. (2012), Raf et al. (2014), Nugroho and Kuswardani (2013) and Harlina et al. (2013).

The work environment is the physical and non-physical thing around the employee at Parador Hotels and Resorts that may affect the employee in performing their duties. For employees at Parador Hotels and Resorts, a good working environment is not an important thing to improve the employee performance. It can be concluded that working environment is not always the important thing to improve employee performance. The study at Parador Hotels and Resorts showed that work environment only gives significant effect on job satisfaction, but there is no significant effect on employee performance. Data of respondents stated that the majority of the employees have long tenure (1-4 years) and consider that the working environment is considered good, so the employees feel satisfied. Thus, employees feel that there is no need to improve the work environment.

The influence of leadership style on employee performance

The results showed that leadership style delivers a significant and positive effect toward employee performance at Parador Hotels and Resorts, which means that leadership style is one of the important variables that are able to improve employee performance. This is in line with the research of Huang et al. (2011), Raf et al. (2014), Kristanti and Harahap (2012) and Pawirosumarto et al (2016). Unlike the three studies above, Vita and Suwarto (2015) stated that leadership style does not have a significant and positive influence toward employee performance.

As an important variable to improve employee performance, Parador Hotels and Resorts must focus on the leadership style unit for the company’s leader. Leadership style is the behavior or means used by the leaders to deal with its subordinates to achieve the goals or objectives which already become a common commitment. A leader must have a leadership style which he considered to be effective to achieve the goals or objectives of the company. The results of the across dimensions’ correlation analysis show that the highest value of the relationship across these dimensions is the relationship between the dimensions of position power (LS03) with the dimensions of the self-influence (PRF06), which is equal to 0.522. It means that the relationship level between those two dimensions is considered to be quite strong. Thus, Parador Hotels and Resorts needs to have a leader who has a high position power. Leaders who have a position power means that they have the power to influence the hiring, layoffs, discipline, promotion, as well as increasing the employee wages. This can increase the influence of the employees themselves. Employees will be able to maintain their self-esteem, its good reputation, as well as its cooperation with others. In other words, discipline and assertiveness by a leader are needed so that employees are able to maintain the dignity, reputation and cooperation.

The influence of organizational culture on employee performance

The results of the research indicated that organizational culture does not significantly and positively influence the employee performance at Parador Hotels and Resorts. This is confirming the research of Vita and Suwarto (2015) and Aripin et al. (2013). However, the studies of Allard (2010), Raf et al. (2014), Muparrih and Santoso (2013, pp. 1-12) and Harlina et al. (2013) have different results, which indicates that organizational culture has such significant effect on the employee performance.
Organizational culture is a system of values or symbols that are understood, believed and adhered together as adhesive systems and distinguish the organization from other organizations. The study at Parador Hotels and Resorts showed that organizational culture does not significantly influence the employee performance, so that the organizational culture in Parador Hotels and Resorts is not a big influence toward the employee performance improvement, whereas the organizational culture at Parador Hotels and Resorts serves as social knowledge, identity and employee behavior. The organizational culture that now exists in Parador Hotels and Resorts is considered to be less optimal for the employees, so it is not used as the reference for their behavior and activities in completing their job.

The influence of job satisfaction on employee performance
The results of the research indicated that job satisfaction gives a positive effect but not really significant toward the employee performance at Parador Hotels and Resorts. This result is in contrast with the research of Maharani et al. (2013), Muparrih and Santoso (2013) and Harlina et al. (2013).

Employee satisfaction at Parador Hotels and Resorts is related to the feeling of the employee whether it is pleasant or unpleasant to work. For employees at Parador Hotels and Resorts, job satisfaction does not significantly influence the employee performance, which means the level of the employee performance was not determined by the level of employee satisfaction with the company. It indicates that employees consider job satisfaction as the emotional feelings of each person in terms of employment, supervision, wages, promotion (career opportunities) and good cooperation with the colleagues. Job satisfaction is not an essential thing to boost employee performance because they feel that job satisfaction is still not optimal yet.

The influence of job satisfaction as a mediating variable between work environment and employee performance
Results showed that job satisfaction is not a mediating variable between the work environment and employee performance. This is in accordance with the research of Nugroho and Kuswardani (2013). Employee satisfaction at Parador Hotels and Resorts is related to the feeling of the employees whether pleasant or unpleasant to work. Although the working environment has a significant effect on job satisfaction, the employees feel that job satisfaction is not optimal yet to make the employees of Parador Hotels and Resorts motivated to improve its performance.

The influence of job satisfaction as a mediating variable between leadership style and employee performance
Results showed that job satisfaction is not a mediating variable between leadership style and employee performance; this result is different from the research results of Aripin et al. (2013). Job satisfaction is an attitude or feelings of the employees who support (pleasant) or do not support (unpleasant) the work. For employees at Parador Hotels and Resorts, appropriate leadership style can enhance job satisfaction but it does not guarantee a good employee performance.

Leadership style gives a significant and positive effect on the employee performance, so it can be said that leadership style is something that is able to cause the interest of workers. A leader will explain the role of its employees and increased the motivation to work so that it can affect the performance. Nevertheless, job satisfaction
that is still not optimally felt by the employees makes job satisfaction nonsignificant to affecting the performance of the employees.

The influence of job satisfaction as a mediating variable between organizational culture and employee performance

The results showed that job satisfaction is not a mediating variable for organizational culture and employee performance. This is in contrast with the research of Harlina et al. (2013) and Aripin et al. (2013). Job satisfaction is an attitude or feelings of employees who support (pleasant) or do not support (unpleasant) the job. For employees at Parador Hotels and Resorts, good organizational culture can enhance the job satisfaction, but apparently it did not significantly affect the performance of the employees. This case indicates that job satisfaction is the emotional feelings of the employees in terms of employment, supervision, wages, promotion (career opportunities) and cooperation. Employees still consider those things to be less optimal. Organizational culture and job satisfaction that is considered to be less optimal does not significantly affect employee performance so that job satisfaction cannot be a variable that mediates organizational culture to increase employee performance.

Direct, indirect and total effect

The calculation of the direct, indirect and total effect between exogenous latent variable and endogenous latent variable in this study was conducted to find which variables are appropriate to improve employee performance at Parador Hotels and Resorts. Companies need to improve the work environment, leadership style and organizational culture to optimize the job satisfaction variables. However, companies need to understand that job satisfaction does not affect the performance of the employees, so as to improve the employee performance through job satisfaction, it will turn out to be ineffective. There is only one variable that can affect employee performance, which is the variable of leadership style. The company needs to improve its leadership style to upgrade the employee performance at Parador Hotels and Resorts. The results of across dimensions’ correlation analysis show that the highest dimension relationship is the relationship between the dimensions of position power (LS03) and the dimensions of the self-influence (PRF06) that is equal to 0.522. It means that the relationship between the two dimensions is considered to be quite strong. Thus, Parador Hotels and Resorts needs to have a leader who has high position power, a leader who has the power to hire, layoff, discipline, promote, as well as increase the employee’s wages. By that, employees will have a high influence; employees are able to maintain self-esteem, a good reputation and cooperation with others. In other words, discipline and assertiveness by a leader are needed so that employees are able to maintain the dignity, reputation and cooperation.

Conclusion

Based on the results of the research and discussion, as noted earlier, it can be concluded about the effect of the work environment, leadership style and organizational culture on job satisfaction and their implications on the performance of employees at Parador Hotels and Resorts.

Leadership style is the most positive and significant effect on the employee performance at Parador Hotels and Resorts. The highest value of the relationship across these dimensions is the relationship between the dimensions of position power (LS03) and the dimensions of self-influence (PRF06) which is considered to be strong.
Leadership style gives a significant and positive effect on the job satisfaction at Parador Hotels and Resorts. The highest value of the relationship across these dimensions is the relationship between the dimensions of task structure (LS02) and the dimensions of supervision (JS02) which then is classified as a strong relationship.

Organizational culture brings positive and significant effect on the job satisfaction at Parador Hotels and Resorts. The highest value of the relationship across these dimensions is the relationship between aggressive dimension (OC06) with the dimensions of a co-worker (JS05), but the relationship is considered to be weak.

Work environment has a positive and significant effect toward employee job satisfaction at Parador Hotels and Resorts. The highest value of the relationship across these dimensions is the relationship between the dimensions of working atmosphere (WE01) to the dimensions of supervision (JS02) which referred as a solid relationship.

Organizational culture, work environment and job satisfaction give a positive effect on employee performance, but it is not really significant; job satisfaction also does not act as a mediating variable between the work environment, leadership style and organizational culture on employee performance at Parador Hotels and Resorts.

**Suggestions**

**Suggestions for the management**

Based on the conclusion above, here are some suggestions that can be used as a reference for the management of Parador Hotels and Resorts. A company needs to improve good leadership style to improve the employee performance. A company must have a leader with high power position. The enforcement of discipline and assertiveness by a leader is necessary so that employees are able to maintain its dignity, reputation and cooperation. Leadership style can be improved by: improving the process of leader selection and recruitment as well as set up a training program and leadership development, providing rewards and recognition for a disciplined and assertive leader, evaluating potential leaders, providing coaching and counseling regularly to the leader and lastly implementing a succession plan that is targeted to get qualified future leaders.

Parador Hotels and Resorts should enhance a good leadership style to improve its job satisfaction. The company needs to produce better leaders within its organization in the sense that they can direct their subordinates in a well, structured, and clear manner.

Parador Hotels and Resorts must foster a good organizational culture to improve the job satisfaction. This can be done by creating a positive work atmosphere and aggressive competition among employees. If these two things are implemented, it will create a good cooperation between co-workers and they will motivate each other.

Parador Hotels and Resorts must improve the working environment to be conducive so that it will enhance the job satisfaction. It can be realized by upgrading the working environment to create such supervisory so that the employees will feel better. A supportive atmosphere which exists around the employees will increase employee satisfaction in terms of supervision of work.

**Suggestions for further research**

The other variables that have not been tested in this study such as work discipline variable, training variable and others need to be developed. It is also recommended to conduct several types of research in other companies by using the same variables like in this study, i.e. the companies should be in different industries. It is expected that the further research in the field of human resource management will be more useful for practitioners, academics and the public.
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Further reading

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